John Clapp Interview of Attorney Richard Rydstrom, Chairman Hot Neutral Servicing Management, Attorney 'Round Up' Feature questions

1. What are the primary elements impacting foreclosure timelines in your jurisdiction?
   Delays in the Foreclosure process are caused by
   a. Non-effective-coordination of the dual tracking processes (foreclosure filings made during pending modification evaluations); and
   b. Foreclosure litigation arising from filings made without a prior check and balance to determine if (State law and HAMP) foreclosure violations could have been corrected prior to filing the foreclosure (which would avoid many challenges); or IF a workout could have been implemented.

2. How has regulatory and servicer oversight of attorneys changed since late 2010, and to what degree has the interaction between servicing departments and attorneys been affected? Are there more touch points involved with loan files now?
   a. Limiting my comments of the process of having the litigating foreclosure attorneys send letters of modification options and take applications for modifications; the foreclosure attorney is now vulnerable to attacks by the borrower for misrepresentations, conflicts, etc.

3. The issue of standing has become a huge sticking point for servicers. Do you believe disputes around standing are doing more harm than good? Is it possible that the legacy of sloppy loan transfers runs the risk of invalidating a significant population of foreclosures that would otherwise proceed unchallenged?
   a. Yes; transfers and foreclosure filings which can be considered defective, invalid or void (for various reasons) will continue to plague the industry with challenges to: foreclosures, portfolio transfers, reps and warranties, related insurance products, sales of REO and or vacant properties, etc.

4. From a legislative perspective, are there certain statutes would you like to see enacted? On the flip side, are there legislative proposals that you believe would be detrimental to mortgage servicing operations?
   a. Foreclosures, default management, portfolio transfers, fair mortgage servicing and 'abusive' practices are the issues of concern this year. The new rules are too new to predict fallout, but the Consumer Financial Protection Bureau (CFPB) (and FHFA) authority and guidelines should be of great concern. New check and balance systems should be considered to enhance compliance on a going-concern basis. Also, the industry needs various products to serve a diverse consumer. The "eligible homeowner pie" is shrinking and this must be reversed. Modifications, Shared-Appreciation Modifications and short payoff refinances that can reach an "ability to pay" are key components to keep loans performing. Private and public enhancement products that can pay for risk should be implemented.